

INTERIM DECISIONS ON THE STRUCTURE OF THE FINAL RIVER CORRIDOR RFP

Following its release of the River Corridor draft RFP, the DOE Source Evaluation Board (SEB) met with representatives of eleven companies in one-on-one meetings, conducted numerous telephone interviews, and received written comment from several sources. There are some significant features in the draft RFP, which the SEB has decided to change as a result of these interactions with prospective offerors. There are other features, challenged by companies participating in the one-on-ones and in the written comments that DOE has decided to leave as is. The following interim decisions are being communicated in advance of release of the final RFP in the interest of providing timely information to potential offerors. This is not intended to be an all-inclusive listing. In fact, a large body of comments was received on Section C, which is resulting in numerous changes to that part of the RFP, but is expected to have less impact on the substance of the solicitation. While this information is furnished in good faith, it is subject to revision in the final RFP.

1. Offerors will not be required to propose Phase II as a Fixed Price Incentive Successive-targets type contract. There will be no requirement for offerors to furnish a target cost, target fee, or ceiling price for Phase II. Phase II will not be evaluated by the SEB.
2. The draft RFP included a provision that required offerors to furnish a target cost for a base case annual funding of \$150M/yr. and an increment case funding of \$210M/yr. The purpose for this requirement is twofold: 1) to structure the contract in such a way so as to avoid contract changes attendant with variations in funding, and 2) to develop a system for fee administration that is equitable to both parties to the contract. It is not intended to double the effort required in the preparation of the target cost to prepare this second target cost. Since there are few schedule logic ties in the scope of work, and progress is expected to be primarily funding limited, it is expected that the principal difference between the base and increment cases would be attributable to the differences in fixed costs between the two cases.

DOE will not establish a firm funding profile for this solicitation. The SEB considered revising the RFP to require a target cost at some intermediate funding level, e.g. \$180M/yr., and also require offerors to quote an average for fixed costs from which target cost could be calculated. The SEB decided against this procedure since it may be dependent on varying interpretations of what constitutes fixed costs. Moreover, the SEB is interested in evaluating the approach that is selected by prospective offerors in dealing with this matter.

3. A funding volatility test will be applied to accommodate year-to-year funding variations that are beyond the range of what can be managed effectively. This test will allow for a possible equitable adjustment if the funding in any given year departs from the immediate prior year's funding by an amount greater than -10% for decreases or +25% for increases.
4. Subsection B.6 of the RFP will be revised to allow for firm fixed price or firm fixed unit price work that is being performed by teaming partners following a competitive solicitation to be excluded from fee restrictions.
5. More data has been placed on the web site to facilitate the preparation of a target cost by prospective offerors. Included is an example of each type of model that was used by the incumbent contractors who are at work on River Corridor scope for calculation of the cost of elements in the Phase I work scope as well as a crosswalk that describes which element used which model.

6. The escalation provisions in Subsection B.4 will be revised to be consistent with indices appropriate for the project. The numerical value for the indices that are used in the execution of the contract will reflect actual experience against those indices. The procedure to be used will be posted on the River Corridor procurement web site for comment when available.
7. The minimum fee will be increased to 2.5%. DOE has decided to make this change out of consideration of the potential influence of this figure on companies' decisions of whether to submit a proposal in response to this solicitation. Prospective offerors need also to consider that the RFP contains a provision for a letter of credit, which reduces the performing company's need for working capital, influencing its perceived need for minimum fee.
8. The Conditional Payment of Fee clause contained in the draft RFP will be modified to a form closer to the version currently in the DEAR. A revised version of this clause will be posted on the River Corridor procurement web site for comment when available.
9. Consistent with the draft RFP, the DOE does not consider that revisions to the estimate at completion associated with the initial baseline submittal and subsequent updates necessarily qualify as a basis for changing the target cost. Allowing such changes to the target cost would defeat the value of the target cost as a tool for evaluation of proposals and would defeat an essential purpose for the use of the CPIF contracting type. To reduce the uncertainty with respect to what does and does not constitute a change to the target cost, DOE has provided Tables 3 and 4 of Section B of the RFP.
10. Consistent with the draft RFP, DOE will not stipulate the target cost. DOE considers it important that proposing companies take ownership of the target cost as a result of it being a product of their own efforts rather than having it imposed by the DOE. However, DOE has placed on the procurement web site sufficient information to allow prospective offerors to prepare a target cost. DOE is interested in knowing about any additional information that could be useful to prospective offerors for this purpose.
11. Consistent with the draft RFP, DOE does not wish to make multiple awards. DOE wishes to have a single contractor or a single contractor team perform most of the integration activities associated with the River Corridor Project rather than be obliged to perform such functions itself, as would be required for a multiple award.
12. Consistent with the draft RFP, DOE will not stipulate a percentage of the work that must be subcontracted. It is important for the performing organization to make its own determination of what work should be performed by the teaming partners, and what work should be subcontracted. Moreover, a DOE stipulation of a minimum subcontracting percentage could serve to disincentivize initial competition participation by some companies, in anticipation of subcontracting opportunities. It is noted, however, that offerors are obliged to submit a small business subcontracting plan, which will be evaluated by the SEB. Such a plan may contain a minimum subcontracting percentage.
13. The draft RFP provides for 75% of the provisional fee to be paid quarterly, with 25% to be held back pending completion of the work. The DOE considers the 25% fee hold back to be a strong incentive for the contractor to complete the work. It is considered important to DOE that this incentive be preserved. Accordingly, this hold back percentage will not be decreased.